

Township of Woodland
Barry County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2008

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Township of Woodland
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Township of Woodland's (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended March 31, 2008. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net assets increased by \$162 thousand (12 percent) as a result of this year's activities.
- Of the \$1.55 million total net assets reported, \$986 thousand (64 percent) is unrestricted, or available to be used at the Board's discretion.
- The General Fund's unreserved, undesignated fund balance at the end of the fiscal year was \$981 thousand, which represents 251 percent of the actual total General Fund expenditures for the current fiscal year.

Overview of the financial statements

The Township's basic financial statements are comprised of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township, reporting the Township's operations in more detail than the government-wide financial statements.
 - Governmental fund statements tell how general government services, like public safety, were financed in the short-term, as well as what remains for future spending.
 - Fiduciary fund statements provide information about the financial relationships in which the Township acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide financial statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

Township of Woodland
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The two government-wide statements report the Township's net assets and how they have changed. Net assets (the difference between the Township's assets and liabilities) are one way to measure the Township's financial health or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements present *governmental activities*. These activities include functions most commonly associated with government (e.g., general government, public safety, public works, library, etc.). Property taxes and state grants generally fund these services.

Fund financial statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes (like the Road Debt Fund, a major fund) or to show that it is properly using certain other revenues (like the Road Fund).

The Township has two kinds of funds:

- Governmental funds. Most of the Township's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out and, (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statements that explains the relationship between them.
- Fiduciary funds. These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the government. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Township's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

Township of Woodland
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

Net assets. Total net assets at the end of the fiscal year were \$1.55 million. Of this total, \$361 thousand is invested in capital assets, \$133 thousand is restricted for public works, \$63 thousand is restricted for debt service, and \$6 thousand is restricted for perpetual care and memorials. Consequently, unrestricted net assets were \$986 thousand.

Condensed financial information
Net Assets

	<i>Governmental activities</i>	
	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 1,188,465	\$ 1,073,603
Capital assets	<u>424,872</u>	<u>388,835</u>
Total assets	<u>1,613,337</u>	<u>1,462,438</u>
Other liabilities	-	1,341
Long-term debt	<u>64,000</u>	<u>74,000</u>
Total liabilities	<u>64,000</u>	<u>75,341</u>
Net assets:		
Invested in capital assets, net of related debt	360,872	314,835
Restricted	202,822	264,115
Unrestricted	<u>985,643</u>	<u>808,147</u>
Total net assets	<u>\$ 1,549,337</u>	<u>\$ 1,387,097</u>

Township of Woodland
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Changes in net assets. The Township's total revenues are \$520 thousand. Nearly 56 percent of the Township's revenues come from property taxes and 22 percent come from state grants.

The total cost of all the Township's programs, covering a wide range of services, totaled \$357 thousand. About 32 percent of the Township's costs relate to the provision of public works. Public safety costs account for 29 percent and general government costs are 30 percent of the Township's total expenses.

Condensed financial information
Changes in Net Assets

	<i>Governmental activities</i>	
	<u>2008</u>	<u>2007</u>
Program revenues:		
Charges for services	\$ 56,052	\$ 52,592
Operating grants and contributions	12,876	4,087
Capital grants and contributions	-	6,467
General revenues:		
Property taxes	292,904	278,968
State shared revenue	111,726	111,158
Franchise fees	1,301	1,318
Interest income	42,531	31,839
Miscellaneous	2,137	5,664
Total revenues	<u>519,527</u>	<u>492,093</u>
Expenses:		
Legislative	1,897	1,842
General government	106,526	107,278
Public safety	104,406	93,120
Public works	115,512	129,783
Health and welfare	2,661	10,645
Culture and recreation	23,896	22,722
Interest	2,389	2,622
Total expenses	<u>357,287</u>	<u>368,012</u>
Increase in net assets	<u>\$ 162,240</u>	<u>\$ 124,081</u>

Governmental activities. Governmental activities increased the Township's net assets by \$162 thousand compared to \$124 thousand last year, reflecting increased revenue from property taxes and interest income as well as decreased spending in public works. Gross expenses for health and welfare decreased by approximately \$8 thousand (75 percent), reflecting the dissolution of the Lakewood Community Ambulance. Thus resulting in current and future increases in public safety costs to cover first responder and rescue calls in the township.

The cost of all governmental activities this year was close to \$357 thousand. After subtracting the direct charges to those who directly benefited from the programs (\$56 thousand), and operating grants (\$13 thousand), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$288 thousand, compared to \$304 thousand in 2007.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental funds. As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1.14 million, an increase of \$126 thousand over the prior year. Of the total fund balances, 88 percent constitutes unreserved fund balance, which is available for spending at the Township's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for future road projects (\$133 thousand).

The General Fund is the chief operating fund of the Township. At the end of the fiscal year, unreserved fund balance was \$981 thousand, which increased by \$184 thousand during the fiscal year compared to \$797 thousand in 2007. Total revenues and expenditures in the General Fund for 2008 were comparable to 2007.

The Road Fund experienced no change in fund balance as all property taxes collected are then remitted to the General Fund for payment of road maintenance.

The Road Debt Fund experienced a minimal increase in fund balance as special assessments collected approximated debt service costs for the fiscal year.

General Fund budgetary highlights

The Township amended the General Fund budgeted expenditures during the year. Total budgeted expenditures for public works were increased by \$20 thousand to cover an unanticipated increase in costs of gravel projects as well as an additional construction project on Lake Point Drive.

Township of Woodland
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Capital assets and debt administration

Capital assets

The Township's investment in capital assets for its governmental activities as of March 31, 2008, amounts to \$425 thousand (net of accumulated depreciation). This investment includes a broad range of assets, including land, buildings, equipment, vehicles, and the township's share of road costs. The increase in the Township's net investment in capital assets for the current fiscal year was \$36 thousand, comprised of a trade-in of two commercial mowers and road improvements.

More detailed information about the Township's capital assets is presented in Note 5 of the notes to the basic financial statements.

Long-term debt

At the end of the fiscal year, the Township had bonds payable outstanding in the amount of \$64 thousand. These bonds are secured solely by specific revenue sources (i.e., special assessment bonds) of the Road Debt Fund.

More detailed information about the Township's long-term liabilities is presented in Note 7 of the notes to the basic financial statements.

Economic condition and outlook

Small increases in property taxes are again expected in 2008, resulting in an overall increase in total revenues. The Township plans to maintain all ongoing programs for 2008. Certain costs, for example for public safety services, are likely to increase.

Contacting the Township's financial management

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

David E. Bursley, Township Supervisor
Township of Woodland
156 S. Main Street
Woodland, Michigan 48897

Phone: (269) 367-4915

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Township of Woodland, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Woodland, Michigan, as of March 31, 2008, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Woodland, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Woodland, Michigan, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis, on pages i through vi, and the budgetary comparison information on pages 15 through 17, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Siegfried Crandall P.C.

July 11, 2008



1958-2008

BASIC FINANCIAL STATEMENTS

Township of Woodland
STATEMENT OF NET ASSETS
 March 31, 2008

	<u>Governmental activities</u>
ASSETS	
Current assets:	
Cash	\$ 1,092,671
Receivables, net	55,221
Prepaid expenses	<u>4,745</u>
Total current assets	<u>1,152,637</u>
Noncurrent assets:	
Receivables, net	35,828
Capital assets not being depreciated	15,000
Capital assets, net of accumulated depreciation	<u>409,872</u>
Total noncurrent assets	<u>460,700</u>
Total assets	<u>1,613,337</u>
LIABILITIES	
Current liabilities:	
Current portion of long term debt	<u>10,000</u>
Noncurrent liabilities:	
Long term debt	<u>54,000</u>
Total liabilities	<u>64,000</u>
NET ASSETS	
Invested in capital assets, net of related debt	360,872
Restricted for:	
Perpetual care	6,407
Public works	133,476
Debt service	62,939
Unrestricted	<u>985,643</u>
Total net assets	<u><u>\$ 1,549,337</u></u>

See notes to financial statements

Township of Woodland
STATEMENT OF ACTIVITIES
Year ended March 31, 2008

	<u>Program revenues</u>			<u>Net (expenses) revenues and changes in net assets</u>
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Governmental activities</u>
Functions/Programs				
Governmental activities:				
Legislative	\$ 1,897	\$ -	\$ -	\$ (1,897)
General government	106,526	32,407	-	(74,119)
Public safety	104,406	20,975	8,500	(74,931)
Public works	115,512	539	2,847	(112,126)
Health and welfare	2,661	-	-	(2,661)
Culture and recreation	23,896	-	1,529	(22,367)
Debt service - interest	<u>2,389</u>	<u>2,131</u>	<u>-</u>	<u>(258)</u>
Total governmental activities	<u>\$ 357,287</u>	<u>\$ 56,052</u>	<u>\$ 12,876</u>	<u>(288,359)</u>
General revenues:				
Taxes				292,904
State grants				111,726
Franchise fees				1,301
Investment income				42,531
Other				<u>2,137</u>
Total general revenues				<u>450,599</u>
Change in net assets				162,240
Net assets - beginning				<u>1,387,097</u>
Net assets - ending				<u>\$ 1,549,337</u>

See notes to financial statements

Township of Woodland
BALANCE SHEET - governmental funds
March 31, 2008

	<u>General</u>	<u>Road</u>	<u>Road Debt</u>	<u>Total governmental funds</u>
ASSETS				
Cash	\$ 1,077,450	\$ -	\$ 15,221	\$ 1,092,671
Receivables	43,331	-	47,718	91,049
Total assets	<u>\$ 1,120,781</u>	<u>\$ -</u>	<u>\$ 62,939</u>	<u>\$ 1,183,720</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Deferred revenue	\$ -	\$ -	\$ 44,788	\$ 44,788
Fund balances:				
Reserved for :				
Roads	133,476	-	-	133,476
Perpetual care and memorials	6,407	-	-	6,407
Unreserved, undesignated	980,898	-	18,151	999,049
Total fund balances	<u>1,120,781</u>	<u>-</u>	<u>18,151</u>	<u>1,138,932</u>
Total liabilities and fund balances	<u>\$ 1,120,781</u>	<u>\$ -</u>	<u>\$ 62,939</u>	<u>\$ 1,183,720</u>

Total fund balance - total governmental funds \$ 1,138,932

Amounts reported for *governmental activities* in the statement of net assets
(page 4) are different because:

Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	424,872
Prepaid expenses are not a current financial resource and, therefore, are not reported in the funds.	4,745
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	44,788
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(64,000)
Net assets of governmental activities	<u>\$ 1,549,337</u>

See notes to financial statements

Township of Woodland

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCES - governmental funds

Year ended March 31, 2008

	<u>General</u>	<u>Road</u>	<u>Road Debt</u>	<u>Total governmental funds</u>
REVENUES				
Taxes	\$ 196,772	\$ 120,437	\$ -	\$ 317,209
State grants	116,102	-	-	116,102
Charges for services	22,350	-	-	22,350
Fines and forfeitures	3,815	-	-	3,815
Interest and rentals	42,357	-	2,305	44,662
Other	14,850	-	10,309	25,159
Total revenues	<u>396,246</u>	<u>120,437</u>	<u>12,614</u>	<u>529,297</u>
EXPENDITURES				
Legislative	1,897	-	-	1,897
General government	96,566	-	-	96,566
Public safety	67,207	-	-	67,207
Public works	185,009	-	-	185,009
Health and welfare	2,661	-	-	2,661
Culture and recreation	23,668	-	-	23,668
Capital outlay	13,979	-	-	13,979
Debt service:				
Principal	-	-	10,000	10,000
Interest	-	-	2,389	2,389
Total expenditures	<u>390,987</u>	<u>-</u>	<u>12,389</u>	<u>403,376</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>5,259</u>	<u>120,437</u>	<u>225</u>	<u>125,921</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	120,437	-	-	120,437
Transfers out	-	(120,437)	-	(120,437)
Total other financing sources (uses)	<u>120,437</u>	<u>(120,437)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	125,696	-	225	125,921
FUND BALANCES - BEGINNING	<u>995,085</u>	<u>-</u>	<u>17,926</u>	<u>1,013,011</u>
FUND BALANCES - ENDING	<u>\$ 1,120,781</u>	<u>\$ -</u>	<u>\$ 18,151</u>	<u>\$ 1,138,932</u>

See notes to financial statements

Township of Woodland

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCES - *governmental funds* (Continued)

Year ended March 31, 2008

Net change in fund balances - total governmental funds	\$ 125,921
Amounts reported for <i>governmental activities</i> in the statement of activities (page 5) are different because:	
Capital assets:	
Additions	88,111
Disposals	(15,633)
Depreciation	(36,441)
Long-term debt:	
Retirements	10,000
Other asset/liabilities:	
Net increase in prepaid expenses	52
Net decrease in deferred revenue	<u>(9,770)</u>
Change in net assets of <i>governmental activities</i>	<u>\$ 162,240</u>

Township of Woodland
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Woodland, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental. Major individual governmental funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Township of Woodland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the government.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Road Fund accounts for Township road maintenance financed through property taxes.

The Road Debt Fund accounts for Township road improvements financed through special assessments and the related debt service expenditures.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB).

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted as they are needed.

d) Assets, liabilities, and net assets or equity:

i) Bank deposits - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) Receivables - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) Prepaid items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Township of Woodland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity* (continued):

iv) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 (\$10,000 for infrastructure) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Gains or losses as a result of trade-ins are adjusted through the cost of the new asset acquired. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	15 - 50 years
Equipment	5 - 15 years
Vehicles	5 - 20 years
Roads	40 years

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

Township of Woodland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year.

The following schedule sets forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
Road	Other financing uses	\$ 114,846	\$ 120,437	\$ (5,591)

NOTE 3 - CASH:

State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At March 31, 2008, the Township had deposits with a carrying amount of \$1,092,671.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At March 31, 2008, \$669,751 of the Township's bank balances of \$1,107,967 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

NOTE 4 - RECEIVABLES:

Receivables as of year end for the Township's individual major funds are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Property taxes</u>	<u>Special assessments</u>	<u>Inter- govern- mental</u>	<u>Interest</u>	<u>Totals</u>
General	\$ 1,306	\$ 18,843	\$ -	\$ 17,930	\$ 5,252	\$ 43,331
Road Debt	-	-	47,718	-	-	47,718
Totals	<u>\$ 1,306</u>	<u>\$ 18,843</u>	<u>\$ 47,718</u>	<u>\$ 17,930</u>	<u>\$ 5,252</u>	<u>\$ 91,049</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,828</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,828</u>

All receivables are considered fully collectible.

Township of Woodland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2008, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 15,000	\$ -	\$ -	\$ 15,000
Capital assets being depreciated:				
Buildings and improvements	263,319	-	-	263,319
Equipment	171,822	16,450	(16,750)	171,522
Vehicles	338,535	-	-	338,535
Infrastructure	-	71,661	-	71,661
Subtotal	<u>773,676</u>	<u>88,111</u>	<u>(16,750)</u>	<u>845,037</u>
Less accumulated depreciation for:				
Buildings and improvements	(111,210)	(5,827)	-	(117,037)
Equipment	(74,694)	(11,997)	1,117	(85,574)
Vehicles	(213,937)	(16,453)	-	(230,390)
Infrastructure	-	(2,164)	-	(2,164)
Subtotal	<u>(399,841)</u>	<u>(36,441)</u>	<u>1,117</u>	<u>(435,165)</u>
Total capital assets being depreciated, net	<u>373,835</u>	<u>51,670</u>	<u>(15,633)</u>	<u>409,872</u>
Governmental activities capital assets, net	<u>\$ 388,835</u>	<u>\$ 51,670</u>	<u>\$ (15,633)</u>	<u>\$ 424,872</u>

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 6,593
Public safety	27,453
Public works	2,164
Recreation and culture	<u>231</u>
Total governmental activities	<u>\$ 36,441</u>

NOTE 6 - DEFERRED REVENUE:

Governmental funds report deferred revenues in connection with revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, deferred revenues consist of unavailable special assessments.

Township of Woodland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - LONG-TERM DEBT:

Long-term debt at March 31, 2008, is comprised of the following individual issues:

Bonds payable:

\$95,000, 2003 Road special assessment limited tax general obligation bond; due in annual installments of \$1,000 to \$14,000, plus interest at 1.80% to 4.30% through June 2013. \$ 64,000

Long-term debt activity for the year ended March 31, 2007, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Bonds payable	<u>\$ 74,000</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 64,000</u>	<u>\$ 10,000</u>

Debt service requirements at March 31, 2008, were as follows:

	<u>Principal</u>	<u>Interest</u>
Year ended March 31:		
2009	\$ 10,000	\$ 2,132
2010	10,000	1,847
2011	10,000	1,532
2012	10,000	1,184
2013	10,000	802
2014	<u>14,000</u>	<u>301</u>
Totals	<u>\$ 64,000</u>	<u>\$ 7,798</u>

NOTE 8 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Woodland
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 182,879	\$ 182,879	\$ 196,772	\$ 13,893
State grants	118,232	118,232	116,102	(2,130)
Charges for services	17,980	17,980	22,350	4,370
Fines and forfeitures	4,000	4,000	3,815	(185)
Interest and rentals	29,400	29,400	42,357	12,957
Other	<u>3,030</u>	<u>3,030</u>	<u>14,850</u>	<u>11,820</u>
Total revenues	<u>355,521</u>	<u>355,521</u>	<u>396,246</u>	<u>40,725</u>
EXPENDITURES				
Legislative	<u>1,897</u>	<u>1,897</u>	<u>1,897</u>	<u>-</u>
General government:				
Supervisor	6,652	6,652	6,011	641
Election	5,039	5,039	2,776	2,263
Assessor	15,418	15,418	12,783	2,635
Clerk	13,971	13,971	13,083	888
Board of review	1,530	1,592	1,572	20
Treasurer	16,196	16,196	14,081	2,115
Hall and grounds	9,869	9,869	8,867	1,002
Cemetery	19,536	19,536	16,490	3,046
Other	<u>65,050</u>	<u>44,988</u>	<u>20,903</u>	<u>24,085</u>
Total general government	<u>153,261</u>	<u>133,261</u>	<u>96,566</u>	<u>36,695</u>
Public safety:				
Police	27,830	27,830	22,863	4,967
Fire	<u>49,705</u>	<u>49,705</u>	<u>44,344</u>	<u>5,361</u>
Total public safety	<u>77,535</u>	<u>77,535</u>	<u>67,207</u>	<u>10,328</u>
Public works:				
Highways and streets	164,361	184,361	181,624	2,737
Drains	<u>3,250</u>	<u>3,250</u>	<u>3,385</u>	<u>(135)</u>
Total public works	<u>167,611</u>	<u>187,611</u>	<u>185,009</u>	<u>2,602</u>
Health and welfare - ambulance	<u>10,645</u>	<u>10,645</u>	<u>2,661</u>	<u>7,984</u>

Township of Woodland
BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Culture and recreation - library	\$ 26,905	\$ 27,023	\$ 23,668	\$ 3,355
Capital outlay	17,750	17,750	13,979	3,771
Total expenditures	455,604	455,722	390,987	64,735
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(100,083)	(100,201)	5,259	105,460
OTHER FINANCING SOURCES				
Transfer from Road Fund	114,846	114,846	120,437	5,591
NET CHANGE IN FUND BALANCES	14,763	14,645	125,696	111,051
FUND BALANCES - BEGINNING	995,085	995,085	995,085	-
FUND BALANCES - ENDING	<u>\$ 1,009,848</u>	<u>\$ 1,009,730</u>	<u>\$ 1,120,781</u>	<u>\$ 111,051</u>

Township of Woodland
BUDGETARY COMPARISON SCHEDULE - Road Fund
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 114,846	\$ 114,846	\$ 120,437	\$ 5,591
OTHER FINANCING USES				
Transfer to General Fund	<u>(114,846)</u>	<u>(114,846)</u>	<u>(120,437)</u>	<u>(5,591)</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

July 11, 2008

To the Board of Trustees
Township of Woodland

We have audited the financial statements of the governmental activities and each major fund of the Township of Woodland for the year ended March 31, 2008, and have issued our report thereon dated July 11, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 3, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Township of Woodland are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by Township of Woodland during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was capital asset depreciation.

Management's estimate of the capital asset depreciation is based on the estimated useful lives of the Township's capital assets. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.



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The disclosures in the financial statements are neutral, consistent, and clear.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Management has recorded all of our proposed audit adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter associated with the audits for the year ended March 31, 2008.

Other Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Woodland's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of the Township of Woodland as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Woodland's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

The Township has not implemented a system of controls to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to achieve the objectives of recording revenue accruals, the capitalization and depreciation of capital assets, and the presentation of financial statement disclosures. This is a recurring comment. The Township has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so.

This communication is intended solely for the information and use of the Board of Trustees of the Township of Woodland and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Sigfried Crandall P.C.